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INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0974

RUEHDE/AMCONSUL DUBAI PRIORITY 0725

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RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 KUWAIT 001284

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BAGHDAD FOR C. RIES, F. CARRICO; STATE FOR NEA/ARP, NEA/I

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TAGS: ECON ETRD EINV I2 KU

SUBJECT: OSD TASK FORCE ENCOURAGES KUWAITIS TO INVEST IN  
AND BUY FROM IRAQ

REF: A. KUWAIT 218

1B. KUWAIT 979

1C. KUWAIT 600

1D. KUWAIT 1246

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Classified By: Charge d'Affaires Alan Misenheimer for reasons 1.4 (b) and (d).

11. (C) Summary: Bob Love, Director of Operations for the OSD Task Force to Improve Business and Stability Operations in Iraq, visited Kuwait on August 12-15 to encourage Kuwait-based companies to do business with Iraq and to lay a foundation for a proposed September meeting between Iraqi Minister of Industry and Minerals Fawzi Hariri and a number of Kuwaiti businessmen and government officials. Love met with American-owned and operated Gryphon Airlines, which operates direct flights between Kuwait International Airport and both the military and commercial sides of Baghdad International Airport (BIAP); Agility Logistics (formerly known as PWC); the Kuwait Chamber of Commerce; Awraq International Trading and Contracting Company; Fuad Al-Ghanem and Sons Trading and Contracting Company; Al-Homaizi Group, which plans to open the first Burger King in Iraq outside a military facility; First Kuwaiti Trading and Contracting Company, which is the contractor for the New Embassy Compound (NEC) project in Baghdad accused of trafficking workers, an allegation which the company's Managing Director vehemently denies; and Kuwait & Gulf Link Transport Company (KGL), which is promoting the Iraq First International Convention to match Iraqi entrepreneurs with regional and international investors. With KGL, Love discussed the possibility of arranging for the Iraq First Convention to coincide with the 2nd International Trade Exhibition for the Reconstruction of Iraq, which is to be held in Kuwait from 3-6 November under the patronage of the Crown Prince. Love also discussed plans for a business center and trade fair at BIAP and the possibility of creating a free trade zone in Umm Qasr. End Summary.

12. (C) Bob Love, Director of Operations for the OSD Task Force to Improve Business and Stability Operations in Iraq, returned to Kuwait from August 13-15 to follow up on previous visits in February (Ref A) and June (Ref B). Love explained to the Charge d'Affaires that, among other projects, the Task Force is working closely with the Iraqi Ministry of Industry and Mines to improve state-owned enterprises, open factories, create jobs, and promote the sale of Iraqi-made products. He said the North is primarily seeking investment and franchises, whereas the South is looking for trade and joint

venture partners. Three specific projects the Task Force has been involved in are a hotel at Baghdad Airport, a ceramics factory, and a cement factory. Love mentioned that the Task Force is also promoting the August 28-30 Iraq Business and Investment Conference in Dubai and the October 29-November 2 Erbil International Fair.

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Gryphon Air Promoting Kuwait-Baghdad Flights  
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¶ 13. (C) On August 13, Love met with Earl and Bill Gibbs of Gryphon Airlines. Gryphon is an American-owned and operated airline that provides direct daily service from Kuwait International Airport to both the commercial and military sides of Baghdad International Airport. Gryphon hopes to ferry more USG travelers and DOD contractors arriving on the direct United flight from Dulles into Baghdad, but current Embassy Baghdad policy prohibits USG personnel under Chief of Mission authority from using Gryphon. Gryphon plans to launch direct service from Kuwait to Basrah primarily catering to travelers making pilgrimages to shrines in southern Iraq.

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Agility Supports BIAP Trade Fair, Doubtful on Umm Qasr FTZ  
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¶ 14. (C) Later on August 13, Love met with Toby Switzer, CEO of the Defense and Government Services division of Agility (formerly PWC) Logistics. Switzer expressed Agility's support for the Task Force's efforts in Iraq and offered to help set up a trade fair at Baghdad Airport, which would allow potential customers and partners to fly into and out of Baghdad (possibly on Gryphon) the same day, meet with Iraqi businessmen, and place orders without ever leaving the security of the airport compound. Love and Switzer also

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discussed details of Agility's plans to purchase and resell DOD scrap from Iraq. Love asked about the prospects for establishing a free trade zone for trade in Umm Qasr, but Agility execs said that the GOK would probably object due to Kuwaiti plans to establish a major container port and free trade zone on nearby Boubiyan Island.

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Possible Convention to Promote Small Business in November  
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¶ 15. (C) For his last meeting on August 13, Love met with Saeed Dashti, Chairman of KGL group, another major logistics company. For a number of months Dashti has been promoting the Iraq First Convention for the Development of Small and Medium Enterprises, an event which he conceived and organized. Dashti had previously briefed Iraq Coordinator David Satterfield on the concept for Iraq First during his visit to Kuwait in April (Ref C). Dashti explained that his organization had reviewed and selected business plans submitted by Iraqi entrepreneurs, identified and invited potential investors, and arranged and advertised the convention, which was scheduled to take place on June 7-8 in Ras Al Khaimah, UAE under the patronage of the Crown Prince of Ras Al Khaimah. However, Dashti said, Abu Dhabi pulled the plug on the convention a week before it was to take place for reasons unknown. Love asked whether the convention could be rescheduled and held in Kuwait. Dashti said this would be possible, but he would prefer to maintain a quiet role for himself and KGL. He requested that the Love ask the Kuwait Chamber of Commerce, Ministry of Commerce, or some other Kuwaiti entity to take the lead in promoting the event now that KGL has done most of the legwork. Love said he would pursue the matter and agreed with Dashti that sometime in November or early December, between Ramadan and the Haj, would be ideal for the event.

Iraqi Minister Visit in Sep. Reconstruction Fair in Nov.

¶ 16. (C) On August 14, Love met with Mr. Rubah Al-Rubah, Deputy Director of the Kuwait Chamber of Commerce and Industry (KCCI). Love told Al-Rubah that he would like to bring Iraqi Minister of Industry and Minerals Fawzi Hariri to Kuwait in September to meet with a select group of Kuwaiti businessmen to promote trade with and investment in Iraq. Al-Rubah said KCCI would be happy to host such an event and would help to identify the appropriate Kuwaiti businessmen, probably 30-35 attendees, to participate. Love said the sectors to focus on would be textiles, cement, petrochemicals, and automotive. Al-Rubah cautioned that it would be best if the USG role in supporting the event were not advertised. Al-Rubah said that prior to 1990, Iraq used to be Kuwait's second largest trading partner and Kuwaitis had a strong interest in re-establishing commercial ties with Iraq, although fears about the current security situation deterred many from doing so. Al-Rubah told Love that KCCI was helping to organize the 2nd International Trade Exhibition for the Reconstruction of Iraq to be held in Kuwait on November 3-6. Love mentioned Dashti's plans for the Iraq First Convention and suggested the two events should be scheduled to coincide. Al-Rubah agreed. (Comment: Based on Commercial Counselor's introductory visit to Kuwait International Fairgrounds, it appears that a sizable portion of the Reconstruction Expo's floor space is being allocated to Iranians, so further investigation will be required before committing any USG support to this event.)

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Difficult for Iraqi Businessmen to Get Visas  
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¶ 17. (C) On a separate note, Al-Rubah said that the Kuwaiti Government had asked KCCI to vet the applications of Iraqi businessmen applying for visas to Kuwait, but the task had been extremely frustrating since there were several different entities claiming to be the Iraq Chamber of Commerce. Al-Rubah added that out of the small proportion of Iraqi business visa applicants that KCCI was able to vet and recommend for approval, a large number were subsequently rejected by the Kuwaiti Ministry of Interior for reasons unknown.

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BIAP Business Center

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¶ 18. (C) Later on August 14, Love met with Dr. Nasser Behbehani of Awraq International Trading and Contracting Company and Fuad Al-Ghanem of Fuad Al-Ghanem and Sons Trading and Contracting. Love talked about the Task Force's plans to help establish a permanent business center and hotel at Baghdad Airport to serve as a safe and convenient meeting point for Iraqi companies and their regional and international partners and clients. Al-Ghanem expressed strong support for the idea and showed interest in investing in an Iraqi cement factory. Behbehani talked about plans to supply bulletproof vests and helmets to the Iraqi Ministry of Interior. Al-Ghanem stressed the importance of involving more Iraqis in business and creating more jobs to achieve a better security situation.

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Have Your Whopper the Kurdish Way  
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¶ 19. (C) On August 15, Love had lunch with Joe Petrusich, Vice President of the Al-Homaizi group which owns the rights to Burger King and Pizza Hut in Iraq and Kuwait, among other franchises. Love and Petrusich confirmed plans to open the

first Burger King restaurant in Iraq outside a military base in Suleimaniya in November. Al-Homaizi also plans to sell Whoppers at the Erbil International Fair at the end of October.

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First Kuwaiti Refutes Trafficking Allegations  
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¶10. (C) For his last meeting on August 15, Love met with Wadih Al-Absi, Managing Director of First Kuwaiti Trading and Contracting Company, the lead contractor for the New Embassy Compound (NEC) in Baghdad. First Kuwaiti has been accused in the press of trafficking Filipino workers into Iraq to work on the NEC project (Ref D). Al-Absi said the allegations against First Kuwaiti were ridiculous. He said that whistle-blower Rory James Mayberry, a former medic who allegedly accompanied the Filipino workers on their flight from Kuwait to Baghdad, was a disgruntled former employee that had been dismissed for misrepresenting his medical qualifications. Al-Absi also suggested that many of the complaints that had been brought against First Kuwaiti over the course of the NEC project had been instigated by competitors who wanted to tarnish First Kuwaiti's image, especially since First Kuwaiti had managed to successfully complete the project in a timeframe and at a cost which other major contractors said would be impossible under the adverse working conditions in Baghdad. Al-Absi insisted that First Kuwaiti had done quality work and said he looked forward to the ribbon-cutting ceremony in mid-September.

¶11. (U) Bob Love did not clear this cable before departing Kuwait.

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